

## *Newsletter*

### *Missouri Division of Credit Unions Department of Economic Development*

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## Financial Trends

Missouri state-chartered credit unions have continued to be safe and strong financial institutions for their members. Financial information for December 31, 2004 is now available for all federally insured credit unions. As of December 31, 2004, there are 157 state-chartered, natural person credit unions. The trends of Missouri state-chartered credit unions are as follows (Change is measured from the year-end 2003).

- Assets increased \$337 million to \$7.5 billion for an increase of 4.7%
- Loans increased \$263 million to \$5.1 billion for an increase of 5.4%
- Net worth increased from 10.71% to 11.02%
- Shares increased \$258 million to \$6.4 billion for an increase of 4.19%
- Delinquent loans as a percentage of total loans increased from 0.89% to 0.92%
- Return on average assets increased from 0.80% to 0.84%.
- The loan to share ratio increased from 78.53% to 79.47%.

The asset growth rate has slowed compared to the last four years' percentages of 6.9%, 6.9%, 11.5% and 8.4% (2003, 2002, 2001, 2000). Missouri state-chartered credit unions continue to have a higher loan to share ratio than federally insured credit unions (79.47% to 74.49%). Also, Missouri state-chartered credit unions net worth position of 11.02% now slightly exceeds the 10.97% of all federally insured credit unions.

For information on any federally insured credit union in the United States, you may visit [www.ncua.gov](http://www.ncua.gov) and click on "Credit Union Data".

For a copy of Missouri state-chartered credit unions' Consolidated Balance Sheet, please visit our website at [www.ded.mo.gov/creditunions](http://www.ded.mo.gov/creditunions) and click on "2004 Missouri Fiscu Consolidated Report".

## Rule Update

The order of rulemaking was published in the March 15, 2005 Missouri Register for 4 CSR 100-2.045, Member Business Loans, and 4 CSR 100-2.205, Deposit of Public Funds. No changes were made in the amended rules as published earlier for comment. The Missouri Credit Union Association submitted comments in support of both rules.

The revised rules are effective 30 days after being published in the Code of State Regulations (CSR) which will occur on March 31, 2005. Thus, the amended rules will be effective April 30, 2005. The final amended rules can be obtained by contacting the Division or viewed on the Division's web site <http://www.ded.missouri.gov/creditunion/laws.htm> following publication in the CSR.

## Field of Membership Update

Cape Regional Credit Union submitted an application for those working or residing in Cape Girardeau County. The application was published in the December 1, 2004 Missouri Register. The Director approved the application and the decision was published in the January 18, 2005 Missouri Register. The decision is now final.

For an update on the status of appealed field of membership decisions, please submit the request in writing or by telephone to our office, or you may visit our website at [www.cu.ded.mo.gov](http://www.cu.ded.mo.gov) and click the link for "Field of Membership Appeals."

## Bank Secrecy Act

The provisions associated with compliance with the Bank Secrecy Act (BSA) continue to be a hot topic in the credit union and banking industry. (BSA) compliance is targeted as one of the most critical issues facing credit unions with regulation changes possibly surfacing by summer. There is certainly a changing atmosphere regarding BSA and the tighter compliance regulations that may be enforced in the near future. BSA is clearly no longer "business as usual" and the Financial Crimes Enforcement Network (FinCEN) could be enforcing stricter BSA regulations. BSA provisions apply to all financial institutions regardless of size.

Credit unions can expect greater scrutiny of their BSA program in the future. In order to reduce the liability for credit unions, our office will be implementing new examination guidelines which will, at a minimum, include the following:

- Review of controls, policies and procedures.
- Establishment of an effective training program.
- Requiring an officer that serves as an administrator of the program.
- Determination of a credit union's knowledge of the requirements of the BSA

For a quick reference guide for BSA requirements for Money Services Businesses, which include credit unions, you may visit [www.fincen.gov/bsa\\_quickrefguide.pdf](http://www.fincen.gov/bsa_quickrefguide.pdf)

## Access to Free Credit Reports

Starting on March 1, 2005, those who live in Missouri, can obtain a free copy of their credit report. A recent amendment to the federal Fair Credit Reporting Act (FCRA) requires each of the nationwide consumer reporting companies to provide a free copy of the credit report, at their request, once every twelve months, from [www.annualcreditreport.com](http://www.annualcreditreport.com). Credit unions are encouraged to publicize in their newsletters and on their web sites how to obtain the free credit bureau reports, the use of the information in the reports and how to correct errors they may contain.

## Credit Union Commission Meeting

The Credit Union Commission will meet at 10:30 am on April 14, 2005. Applications for field of membership expansion should be submitted to the Division by April 4, 2005.

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## *Missouri Division of Credit Unions*

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**We're on the web!**

**[www.ded.mo.gov/creditunion](http://www.ded.mo.gov/creditunion)**

Our *vision* is to foster an environment which ensures the availability of high quality financial products and services while preserving the integrity and safety of the credit union industry.

The Division of Credit Unions' *mission* is to effectively and efficiently supervise Missouri state chartered credit unions, to ensure compliance with applicable laws and safe and sound operations while remaining responsive to the changes in the economic, technological and political climates which may impact credit unions.

The mission will be accomplished by the following actions:

- Stimulate and contribute to an environment which allows credit unions to evolve and remain competitive;
- Ensure compliance with applicable laws which provide for fair and equitable treatment of all consumers;
- Encourage outstanding performance by division staff members by providing up to date equipment, training and education enhancement opportunities;
- Communicate to our customers our desire and willingness to offer a quality product;
- Develop an internal culture of quality which measures and promotes customer satisfaction;
- Encourage the education and fostering of financial awareness and responsibility among the members